

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS**

MARGARET BUDDE, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

GLOBAL POWER EQUIPMENT, INC.,  
RAYMOND K. GUBA and LUIS  
MANUEL RAMIREZ,

Defendants.

Case No. 3:15-cv-2120

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS

**JURY TRIAL DEMANDED**

**I. INTRODUCTION**

1. Plaintiff, Margaret Budde, (“Plaintiff”), by her undersigned attorneys, alleges as follows upon personal knowledge as to her own acts, and upon information and belief as to all other matters, based on the investigation conducted by and through Plaintiff’s counsel, which included, among other things, a review of Defendants’ public documents, filings made with the United States Securities and Exchange Commission (the “SEC”), announcements issued by Global Power Equipment, Inc. (“Global Power” or the “Company”), wire and press releases published by and regarding the Company and other information readily obtainable in the public domain.

**II. NATURE OF THE ACTION**

2. This is a federal securities class action on behalf of all investors who purchased or otherwise acquired Global Power securities between March 17, 2014, and May 6, 2015, inclusive (the “Class Period”). This action is brought on behalf of the Class for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

3. Specifically, during the Class Period, Global Power filed financial statements with the SEC, and publicly disseminated those financial statements to members of the class, which fraudulently included an understatement of the Company's cost of sales in the quarterly and annual periods ended December 31, 2014. Understated cost of sales, in turn, leads to artificially inflated gross profits, a key metric considered by investors.

4. On May 6, 2015, this accounting fraud came to light, as Global Power disclosed that the Audit Committee of its board of directors concluded that the financial statements for the annual period ended December 31, 2014, should not be relied upon because of accounting errors affecting the fourth quarter of 2014 discovered during the first quarter 2015 financial review process. Those errors resulted in an understatement of the Company's cost of sales in the quarterly and annual periods ended December 31, 2014. The Company also announced that at least the previously released projections regarding the Company's 2015 consolidated revenue, gross margin and selling, general and administrative expenses as a percentage of sales should no longer be relied upon by investors and that the Company remains in the process of analyzing the impact of the restatements.

5. Further, the Company announced that "the previously filed financial statements of Global Power for [the quarterly and annual periods ended December 31, 2014], including the corresponding financial statement information, management's report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, earnings and press releases or other shareholder communications, as well as the auditors' reports on those financial statements and its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, should not be relied upon."

6. Shortly before disclosing these accounting errors, the Company announced, on March 23, 2015, the resignation of Luis Manuel Ramirez (“Ramirez”), its president and chief executive officer (“CEO”). No reason was given at the time for his departure from the Company.

7. The effect of Global Power’s disclosures was immediate and devastating for the Company’s investors. Global Power’s share price plummeted approximately 33 percent within the first day of the announcement. In the weeks following the announcement, the share price continued to drop to as low as \$7.42 per share, a loss of shareholder value of approximately 40% and representing tens of millions of dollars in lost shareholder value.

### **III. JURISDICTION AND VENUE**

8. The claims herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. § 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

9. This Court has jurisdiction over the subject matter of this action pursuant to § 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

10. Venue is proper in this District pursuant to § 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b), as Global Power has its principal executive offices located in this District and conducts substantial business therein.

11. In connection with the acts, omissions, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

#### **IV. PARTIES**

12. Plaintiff, as set forth in the attached Certification, acquired Global Power securities at artificially inflated prices during the Class Period and has been damaged by the revelation of Global Power's fraudulent accounting practices.

13. Defendant Global Power claims to be a leading provider of custom-engineered auxiliary equipment and maintenance support services for the global power generation industry. Its product portfolio includes auxiliary equipment for gas turbines and it provides maintenance services that cover the full life cycles of power plants. Global Power is incorporated under the laws of Delaware and its principle executive offices are located at 400 E. Las Colinas Boulevard, Suite 400 Irving, Texas 75039. The Company's common shares trade on the New York Stock Exchange ("NYSE") under the trading symbol GLPW.

14. Defendant Raymond K. Guba ("Guba") is the Company's current chief financial officer ("CFO"). Defendant Guba may be served with process at 2525 N. Pearl Street, Apartment 1403, Dallas, Texas 75201.

15. Defendant Ramirez served as CEO of Global Power and chairman of the Global Power board of directors (the "Board") during the Class Period. Defendant Ramirez recently stepped down as CEO and has been replaced by Terence Cryan ("Cryan"), who at the time was a member of the Board and is now serving as president and CEO on an interim basis. Defendant Ramirez may be served with process at 9821 N. MacArthur Boulevard, Apartment 1004, Irving, Texas 75063.

16. The defendants referenced above in ¶¶14-15 are collectively referred to herein as the "Individual Defendants."

17. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the content and form of Global Power's annual reports, quarterly reports, press releases and presentations to: the SEC, securities analysts, money and portfolio managers and investors, *i.e.*, the market. They were provided with copies of the SEC filings alleged herein to be misleading prior to their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with the Company and their access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

## **V. SUBSTANTIVE ALLEGATIONS**

### **A. *BACKGROUND***

18. Global Power is a provider of engineered products and services to the power, energy and process industries. It sells equipment used in all manner of power plant construction and maintenance, of both the off the shelf and custom designed varieties. The Company also provides various services, such as general and specialty construction, maintenance, modification and plant management support services covering the full life cycle of power plants.

19. Because cost of sales is a material metric for Global Power's investors, it is prominently reported and discussed in the Company's financial filings, as evidenced from the following excerpt from the Company's Form 10-Q, filed with the SEC on October 30, 2014:

GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (\$ in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Revenue	\$ 145,128	\$ 109,998	\$ 364,749	\$ 342,673
Cost of Sales	120,447	89,272	301,328	287,178
Gross profit	24,681	20,726	63,421	55,495

20. As shown in ¶19, cost of sales has a *direct* impact on the Company's gross profit, one of the most important metrics investors review.

***B. DEFENDANTS' MISSTATEMENTS REGARDING COST OF SALES  
 DURING THE CLASS PERIOD***

First Quarter 2014 Financial Results

21. On May 2, 2014, Global Power announced its financial results for first quarter 2014 in a Form 10-Q filed with the SEC. In its press release summarizing the filing, Global Power discussed the importance of gross profit, a direct result of cost of sales subtracted from revenue, with regards to Company performance, stating:

Gross profit was \$18.5 million, or 17.6% of sales. Higher gross profit was the result of expanded profit margins in the Company's Product Solutions and Energy Services segments which were driven by improved mix and increased productivity, despite lower volume for Energy Services. Total operating expenses in the quarter were \$17.9 million, unchanged when compared with the prior-year period. Acquisitions and the associated depreciation and amortization added approximately \$3.1 million of incremental operating expenses in the quarter. Operating income of \$0.6 million, or 0.6% of sales, improved significantly from the prior-year period, on expanded gross profit, productivity and cost discipline.

22. In addition, the Form 10-Q provided a table for investors which purportedly reflected the cost of sales and its effect on gross profits for the quarter:

Our summary financial results during the three months ended March 31, 2014 and 2013 were as follows:

(\$ in thousands)	Three Months Ended March 31,		Variance	
	2014	2013	\$	%
Revenue				
Product Solutions	\$38,931	\$38,894	37	0.1
Nuclear Services	57,062	65,012	(7,950)	(12.2)
Energy Services	8,889	12,804	(3,915)	(30.6)
Consolidated	104,882	116,710	(11,828)	(10.1)
Cost of Sales				
Product Solutions	29,060	32,937	(3,877)	(11.8)
Nuclear Services	50,041	56,526	(6,486)	(11.5)
Energy Services	7,303	11,281	(3,978)	(35.3)
Consolidated	86,404	100,744	(14,340)	(14.2)
Gross profit	18,478	15,966	2,512	15.7
Gross profit percentage	17.6%	13.7%		

23. The Company's Form 10-Q filed with the SEC for the period ending March 30, 2014, contained certifications signed by Defendants Ramirez and Guba. These certifications provide, among other things, that the undersigned had reviewed the Form 10-Q and it contained no materially untrue statements or omissions; fairly represented in all material respects the financial condition of Global Power; was accurate in all material respects; and disclosed any material changes to the Company's internal control over financial reporting.

#### Second Quarter 2014 Financial Results

24. On July 31, 2014, Global Power announced its financial results for the period ending June 29, 2014, and filed the same on a Form 10-Q with the SEC. In its press release summarizing the filing, Global Power discussed gross profit, a direct result of cost of sales subtracted from revenue, with regards to Company performance, stating:

Gross profit was \$20.3 million, or 17.7% of sales. Compared with the prior year, higher gross profit was the result of a greater revenue contribution from the Product Solutions segment which traditionally carries higher margins than the historic services business, which was primarily Nuclear. Additionally, improved gross profit margin in the Energy Services segment, which benefitted from a full quarter including the results of Hetsco, and in the Nuclear Services segment, which benefitted from strong performance on fixed price contract work, had a positive impact on consolidated gross margin. Total operating expenses in the quarter were

\$18.8 million, up 11.6% when compared with the prior-year period. The acquired businesses, including the associated depreciation and amortization, added approximately \$2.2 million of incremental operating expenses in the quarter. Operating income was \$1.5 million, or 1.3% of sales.

25. Regarding gross profits for the first half of 2014's consolidated results, the Company further stated that:

Gross profit was \$38.7 million, or 17.6% of sales. Higher gross profit resulted from improved margins in all operating segments. Total operating expenses were \$36.7 million, up 5.8% when compared with the prior-year period. The acquired businesses, including the associated depreciation and amortization, added approximately \$5.1 million of incremental operating expenses. Operating income was \$2.1 million, or 0.9% of sales.

26. In addition, the Company's Form 10-Q provided a table for investors which purportedly reflected the cost of sales and its effect on gross profits for the quarter:

Our summary financial results during the three and six months ended June 30, 2014 and 2013 were as follows:

(\$ in thousands)	Three Months Ended				Six Months Ended			
	June 30,		Variance		June 30,		Variance	
	2014	2013	\$	%	2014	2013	\$	%
Revenue								
Product Solutions	\$59,171	\$ 35,930	23,241	64.7	\$98,102	\$74,824	23,278	31.1
Nuclear Services	41,430	66,435	(25,005)	(37.6)	98,492	131,448	(32,956)	(25.1)
Energy Services	14,138	13,600	538	4.0	23,027	26,403	(3,376)	(12.8)
Consolidated	114,739	115,965	(1,226)	(1.1)	219,621	232,675	(13,054)	(5.6)
Cost of Sales								
Product Solutions	47,588	27,368	20,220	73.9	76,648	60,305	16,343	27.1
Nuclear Services	35,686	58,070	(22,384)	(38.5)	85,727	114,597	(28,870)	(25.2)
Energy Services	11,203	11,724	(521)	(4.4)	18,506	23,004	(4,498)	(19.6)
Consolidated	94,477	97,162	(2,685)	(2.8)	180,881	197,906	(17,025)	(8.6)
Gross profit	20,262	18,803	1,459	7.8	38,740	34,769	3,971	11.4
Gross profit percentage	17.7%	16.2%			17.6%	14.9%		

27. The Company's Form 10-Q filed with the SEC for the period ending June 29, 2014, contained certifications signed by Defendants Ramirez and Guba. These certifications provided, among other things, that the executives had reviewed the Form 10-Q and it contained no materially untrue statements or omissions; fairly represented in all material respects the financial condition of Global Power; was accurate in all material respects; and disclosed any material changes to the Company's internal control over financial reporting.



Third Quarter 2014 Financial Results

28. On October 30, 2014, Global Power announced its financial results for the three month period ending September 28, 2014, and filed the same with the SEC on a Form 10-Q. In a press release summarizing the filing, Global Power discussed gross profit, a direct result of cost of sales subtracted from revenue, with regards to Company performance, stating:

Consolidated revenue climbed 32% over last year as all three business segments posted solid growth. Gross profit was \$24.7 million, or 17.0% of sales compared with 18.8% last year. Total operating expenses in the quarter were \$18.5 million, down 2.6% when compared with the prior-year period. As a percent of sales, operating expenses declined to 12.8% from 17.3% last year. Operating income was \$6.2 million, or 4.2% of sales, compared to \$1.7 million, or 1.6% of sales in the prior-year quarter. Adjusted EBITDA from continuing operations was \$10.9 million in the third quarter compared with \$4.8 million in the prior-year quarter. Adjusted EBITDA margin as a percent of sales improved by 310 basis points to 7.5%. Income from continuing operations improved 330.3% to \$4.4 million, or \$0.26 per diluted share, compared to \$1.0 million or \$0.06 in the prior year.

29. In addition, the Company's Form 10-Q provided a table for investors which purportedly reflected the cost of sales and its effect on gross profits for the quarter:

Our summary financial results for the three and nine months ended September 30, 2014 and 2013 were as follows:

(\$ in thousands)	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2014	2013	\$	%	2014	2013	\$	%
Revenue								
Product Solutions	\$ 58,010	\$ 54,577	3,433	6.3	\$ 156,112	\$ 129,401	26,711	20.6
Nuclear Services	69,188	49,854	19,334	38.8	167,680	181,302	(13,622)	(7.5)
Energy Services	17,930	5,567	12,363	222.1	40,957	31,970	8,987	28.1
Consolidated	145,128	109,998	35,130	31.9	364,749	342,673	22,076	6.4
Cost of Sales								
Product Solutions	46,175	41,318	4,857	11.8	122,823	101,623	21,200	20.9
Nuclear Services	58,840	43,439	15,401	35.5	144,567	158,036	(13,469)	(8.5)
Energy Services	15,432	4,515	10,917	241.8	33,938	27,519	6,419	23.3
Consolidated	120,447	89,272	31,175	34.9	301,328	287,178	14,150	4.9
Gross profit	24,681	20,726	3,955	19.1	63,421	55,495	7,926	14.3
Gross profit percentage	17.0%	18.8%			17.4%	16.2%		

30. The Company's Form 10-Q filed with the SEC for the period ending September 28, 2013, contained certifications signed by Defendants Ramirez and Guba. These certifications provided, among other things, that the executives had reviewed the Form 10-Q and that it contained

no materially untrue statements or omissions; fairly represented in all material respects the financial condition of Global Power; was accurate in all material respects; and disclosed any material changes to the Company's internal control over financial reporting.

#### Fourth Quarter and Fiscal Year 2014 Financial Results

31. On March 9, 2015, Global Power announced its financial results for the three month and fiscal year periods ending December 31, 2014, and filed substantially the same information with the SEC on a Form 10-K. In a press release summarizing the filing, Global Power discussed gross profit, a direct result of cost of revenue, with regards to Company performance, stating:

Consolidated revenue climbed 23% over last year as both the Nuclear and Energy Services business segments posted solid growth. Gross profit was \$27.4 million, or 15.8% of sales compared with 20.8% last year. Total operating expenses in the quarter were \$19.0 million, down 1.2% when compared with the prior-year period. As a percent of sales, operating expenses declined to 11.0% from 13.6% last year. Operating income was \$8.4 million, or 4.8% of sales, compared to \$10.2 million, or 7.2% of sales in the prior-year quarter. Adjusted EBITDA from continuing operations was \$10.4 million in the fourth quarter compared with \$13.5 million in the prior-year quarter. Adjusted EBITDA margin as a percent of sales declined by 350 basis points to 6.0%. Income from continuing operations decreased 45.8% to \$5.9 million, or \$0.35 per diluted share, compared to \$10.9 million or \$0.64 per diluted share in the prior year.

32. In addition, the Company's Form 10-K provided a table for investors which purportedly reflected the cost of sales (referred to as the cost of revenue in this filing) and its effect on gross profits for the year end:

**GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in thousands, except per share amounts)

	Years Ended December 31,		
	2014	2013	2012
Products revenue	\$ 222,250	\$ 208,194	\$ 193,676
Services revenue	316,295	276,024	269,152
Total revenue	538,545	484,218	462,828
Products cost of revenue	177,144	160,983	150,642
Services cost of revenue	270,571	238,231	229,132
Total cost of revenue	447,715	399,214	379,774
Gross profit	90,830	85,004	83,054

33. The filing also referenced the cost of revenue as:

***Cost of Revenue:*** Cost of revenue for the Product Solutions, Nuclear Services and Energy Services segments primarily includes charges for materials, direct labor and related benefits, freight (inbound and outbound), direct supplies and tools, purchasing and receiving costs, inspection costs and internal transfer costs. Cost of revenue for Product Solutions segment also includes warehousing costs and utilities related to production facilities and, where appropriate, an allocation of overhead.

34. The Company's Form 10-K filed with the SEC for the year ending December 31, 2013, contained certifications signed by Defendants Ramirez and Guba. These certifications provide, among other things, that the undersigned had reviewed the Form 10-K and it contained no materially untrue statements or omissions; fairly represented in all material respects the financial condition of Global Power; was accurate in all material respects; and disclosed any material changes to the Company's internal control over financial reporting.

The Resignation of the Company's CEO

35. Just two weeks after filing its fourth quarter and year end results for 2014, the Company announced, on March 23, 2014, that Ramirez, the Company's president and CEO Ramirez had resigned from the Company effective as of March 20, 2015. No reason was given for his resignation. The Company announced that Cryan, at the time a director of the Company, would become the interim president and CEO of Global Power while a search for a full time replacement is conducted.

36. The SEC filings and press releases cited and/or referenced above were materially false and/or misleading when made because they misrepresented and failed to disclose the following adverse facts, which were known to Defendants or recklessly disregarded by them, including that: (i) the Company's representations regarding its cost of sales, and therefore its gross profits, were false and fraudulently exaggerated the Company's financial performance; (ii) the Company's internal controls were ineffective; and (iii) as a result of the above, the Company's

financial statements filed with the SEC and related financial reports were materially false and misleading at all relevant times.

37. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages suffered by Plaintiff and other members of the Class. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company's financial strength and future prospects, causing Global Power's securities to be overvalued and artificially inflated at all relevant times.

38. As such, Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, causing the damages complained of herein.

### ***C. THE TRUTH EMERGES***

39. Defendants' scheme to mislead investors about the Company's cost of sales and gross profits ultimately came to light and the true financial state of Global Power was revealed on May 6, 2015, when Global Power issued a press release which stated:

Global Power Equipment Group Inc. (NYSE:GLPW) ("Global Power" or the "Company") today announced that it will delay the filing of its Form 10-Q for the first quarter of 2015 and restate its financial results for the annual period ended December 31, 2014. As a result, the Company is also withdrawing its previously issued earnings guidance for 2015 at this time.

#### **Restatement of 2014 Financial Results**

On May 5, 2015, the Audit Committee of the Board of Directors of Global Power (the "Audit Committee"), in consultation with its outside advisors and management, concluded that the financial statements for the annual period ended December 31, 2014 should not be relied upon because of accounting errors affecting the fourth quarter of 2014 that were discovered during the first quarter 2015 financial review process. Those errors resulted in an understatement of the Company's cost of sales in the quarterly and annual periods ended December 31, 2014.

Charles Macaluso, the Chairman of Global Power's Board of Directors commented, "The Board takes the Company's internal controls over financial reporting and the integrity of its financial statements very seriously and we are moving aggressively to identify the causes of these errors and implement corrective measures. At the same time, we are confident that we will be able to continue to provide high quality services and products to customers across our businesses."

Pending the issuance by the Company's independent registered public accounting firm, BDO USA, LLP ("BDO"), of its audit opinion in respect of the Company's restated 2014 financial statements, the previously filed financial statements of Global Power for that period, including the corresponding financial statement information, management's report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, earnings and press releases or other shareholder communications, as well as the auditors' reports on those financial statements and its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, should not be relied upon. The Company intends to file restated financial information as soon as practicable.

The Company, in consultation with BDO, is in the process of continuing its accounting review and analyzing the impact of the errors on its previously reported financial statements included in its Form 10-K for the year ended December 31, 2014 (the "Form 10-K"). The Audit Committee also intends to retain other outside advisors to analyze the facts and circumstances relating to the restatement, including whether other periods may have been impacted.

The results described in this press release are preliminary and unaudited and reflect the Company's best judgment with respect to the errors that have been identified. These results are subject to change as a result of any adjustments arising from the restatement process, subsequent events and the completion of the audit of the financial statements by Global Power's independent auditors.

### **Preliminary First Quarter 2015 Results**

The Company has not yet finalized its financial results for the first quarter of 2015 primarily because the precise extent to which costs should have been recognized in 2014 rather than carried forward to 2015 has not been determined. Until the Company has finalized its accounting for the 2014 full year, as well as completed and filed an amendment to the prior report to correct the errors discussed above, the Company will be unable to file its Quarterly Report on Form 10-Q for the quarter ended March 29, 2015. While the Company plans to request a five-day extension to file its Form 10-Q with the United States Securities and Exchange Commission, the Company does not anticipate it will meet the extended deadline.

### **Initial Assessment of Impact on Previously Issued 2015 Outlook**

On March 9, 2015, Global Power provided projections of the Company's 2015 consolidated revenue, gross margin and selling, general and administrative expenses as a percentage of sales. Primarily as a result of the errors described above, but also based on a preliminary assessment of our financial performance in the first quarter of 2015, investors should no longer rely upon those previously released projections. The Company is in the process of analyzing the impact of the restatements on its 2015 projections and will report its conclusions as soon as practicable.

Additional information related to the restatements is available in a Form 8-K that the Company is filing today with the United States Securities and Exchange Commission.

40. The Company also filed with the SEC on May 6, 2015, a Form 8-K, referenced in the press release, wherein it stated that:

#### **Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.**

On May 5, 2015, the Audit Committee of the Board of Directors (the "Audit Committee") of Global Power Equipment Group Inc. ("Global Power" or the "Company"), in consultation with its outside advisors and management, concluded that the financial statements for the annual period ended December 31, 2014 should not be relied upon because of accounting errors affecting the fourth quarter of 2014 that were discovered during the first quarter 2015 financial review process. Those errors resulted in an understatement of the Company's cost of sales in the quarterly and annual periods ended December 31, 2014.

Pending the issuance by the Company's independent registered public accounting firm, BDO USA, LLP ("BDO"), of its audit opinion in respect of the Company's restated 2014 financial statements, the previously filed financial statements of Global Power for that period, including the corresponding financial statement information, management's report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, earnings and press releases or other shareholder communications, as well as the auditors' reports on those financial statements and its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014, should not be relied upon. The Company intends to file restated financial information as soon as practicable.

The Company, in consultation with BDO, is in the process of continuing its accounting review and analyzing the impact of the errors on its previously reported financial statements included in its Form 10-K for the year ended December 31, 2014 (the "Form 10-K"). The Audit Committee also intends to retain other outside

advisors to analyze the facts and circumstances relating to the restatement, including whether other periods may have been impacted.

The Company has not yet finalized its financial results for the first quarter of 2015 primarily because the precise extent to which costs should have been recognized in 2014 rather than carried forward to 2015 has not been determined. Until the Company has finalized its accounting for the 2014 full year, as well as completed and filed an amendment to the prior report to correct the errors discussed above, the Company will be unable to file its Quarterly Report on Form 10-Q for the quarter ended March 29, 2015. While the Company plans to request a five-day extension to file its Form 10-Q with the United States Securities and Exchange Commission, the Company does not anticipate it will meet the extended deadline.

Both management and the Audit Committee have discussed with BDO the matters disclosed in this Current Report on Form 8-K.

41. Investor reaction to the news that Global Power had misstated its cost of sales was severe, with the Company's share price immediately plunging approximately 33% within the first day of the announcement. The closing price on May 6, 2015, prior to the announcement regarding the errors in the Company's cost of sales, was \$12.24 per share. On May 7, as the market absorbed the news, the stock closed at \$8.19 per share. In the weeks following the announcement, the share price continued to fall, trading as low as \$7.42 per share, a drop of approximately 40% and representing tens of millions of dollars in lost shareholder value.

### **CLASS ACTION ALLEGATIONS**

42. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a Class of all persons and entities who purchased or otherwise acquired Global Power securities between March 17, 2014, and May 6, 2015, inclusive. Excluded from the Class are Defendants, directors, and officers of Global Power, as well as their families and affiliates.

43. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

44. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether the Exchange Act was violated by Defendants;
- (b) Whether Defendants omitted and/or misrepresented material facts;
- (c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether Defendants knew or recklessly disregarded that their statements were false and misleading;
- (e) Whether the price of Global Power ordinary shares were thereby artificially inflated; and
- (f) The extent of damage sustained by Class members and the appropriate measure of damages.

45. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct alleged herein.

46. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with those of the Class.

47. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.



**FRAUD ON THE MARKET**

48. Plaintiff will rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's common stock traded in efficient markets;

(d) The misrepresentations alleged herein would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and

(e) Plaintiff and other members of the Class purchased Global Power common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

(f) At all relevant times, the markets for Global Power common stock were efficient for the following reasons, among others: (i) Global Power filed periodic public reports with the SEC; and (ii) Global Power regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts and other similar reporting services. Plaintiff and the Class relied on the price of Global Power common stock, which reflected all the information in the market, including the misstatements by Defendants.

### **NO SAFE HARBOR**

49. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The specific statements pleaded herein were not identified as forward-looking statements when made.

50. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

### **LOSS CAUSATION**

51. On May 6, 2015, Global Power disclosed that on May 5, 2015, the Audit Committee of the Board, in consultation with its outside advisors and management, concluded that the financial statements for the annual period ended December 31, 2014 should not be relied upon because of accounting errors affecting the fourth quarter of 2014 that were discovered during the first quarter 2015 financial review process. Those errors resulted in an understatement of the Company's cost of sales in the quarterly and annual periods ended December 31, 2014. Understated cost of sales result in artificially inflated gross profits, a key metric considered by investors. In trading on May 7, 2015, Global Power's common stock price plunged in value, falling by as much as 33%, and it continued to fall in the following days and weeks, to as low as \$7.42 per share, a drop of approximately 40% and representative of tens of millions of dollars in lost shareholder value. This decline is directly attributable to Global Power's disclosures of its accounting irregularities.

**FIRST CLAIM**

**Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder  
(Against All Defendants)**

52. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

53. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

54. Defendants violated §10(b) of the Exchange Act and Rule 10b-5 in that they (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Global Power's common stock during the Class Period.

55. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Global Power common stock. Plaintiff and the Class would not have purchased Global Power common stock at the price paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

**SECOND CLAIM**

**Violation of Section 20(a) of the Exchange Act  
(Against Individual Defendants)**

56. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

57. The Individual Defendants acted as controlling persons of Global Power within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions at the Company, the Individual Defendants had the power and authority to cause or prevent Global Power from engaging in the wrongful conduct complained of herein. The Individual Defendants were provided with or had unlimited access to the fraudulent SEC filings and other reports alleged by Plaintiff to be misleading both prior to and immediately after their publication, and had the ability to prevent the issuance of these materials or cause them to be corrected so as not to be misleading.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class Classes as defined herein, and a certification of Plaintiff as class representatives pursuant to Rule 23 of the Federal Rules of Civil Procedure and appointment of Plaintiff's counsel as Lead Counsel;

(b) Awarding compensatory and punitive damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount proven at trial, including pre-judgment and post-judgment interest thereon;

(c) Awarding Plaintiff and other members of the Class their costs and expenses in this litigation, including reasonable attorneys' fees and experts' fees and other costs and disbursements; and

(d) Awarding Plaintiff and the other Class members such other relief as this Court may deem just and proper.

**DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a trial by jury in this action of all issues so triable.

DATED: June 23, 2015

Respectfully Submitted,

/s/ Joe Kendall

Joe Kendall

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